

AMENDED IN SENATE APRIL 8, 2013

SENATE BILL

No. 459

Introduced by Senator Pavley

February 21, 2013

An act to ~~add Section 44266 to~~ amend Sections 44062.3 and 44070.5 of, and to add and repeal Section 44062.5 of, the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 459, as amended, Pavley. ~~Fuel-efficient vehicles: financial incentives: middle-income households. Vehicle retirement: low-income motor vehicle owners.~~

(1) Existing law establishes a motor vehicle inspection and maintenance program, referred to as a smog check program, developed, implemented, and administered by the Department of Consumer Affairs. The duty of enforcing and administering the program is vested in the Chief of the Bureau of Automotive Repair within the department. Existing law requires the department to permit vehicle retirement for a motor vehicle that has been continuously registered in the state for at least 2 years prior to vehicle retirement, and that fails any type of smog check inspection lawfully performed in the state. Existing law requires the department to pay a person who retires his or her vehicle \$1,500 for a low-income motor vehicle owner, as defined, and \$1,000 for all other motor vehicle owners, and authorizes additional payments above these amounts based on consideration of specified criteria.

This bill would authorize the department to provide other forms of financial assistance for a motor vehicle owner when providing additional payments above those amounts, as specified.

(2) Existing law provides for a repair assistance program available to an individual whose maximum income level does not exceed 225% of the federal poverty level and who is the owner of a motor vehicle that has failed a smog check inspection or received a notice to correct. Existing law requires the bureau to permit vehicle retirement of a motor vehicle that is a high polluter and that has been continuously registered in the state for at least 2 years or otherwise proven to have been driven in the state for the last 2 years, as specified, prior to vehicle retirement. Existing law requires the bureau to pay a person for the voluntary retirement of a high-polluting motor vehicle \$1,500 for a low-income motor vehicle and \$1,000 for all other motor vehicle owners, and authorizes additional payments above these amounts based on consideration of specified criteria.

This bill would require the department, on or before July 1, 2014, to establish a one-year pilot program to provide financial assistance to low-income motor vehicle owners, as defined, for the voluntary retirement of a gross-polluting vehicle, as specified. The bill would prohibit the department from requiring proof of registration for the last 2 years prior to acceptance into the program.

(3) Existing law requires the department to develop and continuously conduct a public information program, in consultation with the State Air Resources Board, designed to develop and maintain public support and cooperation for the smog check program, as specified.

This bill would require the department, for purposes of that public information program, to engage in multilingual outreach to underserved communities about the benefits of the program. The bill also would require the department to include car dealerships in the public information program.

~~Existing law requires the State Air Resources Board (state board), in conjunction with the State Energy Resources Conservation and Development Commission (energy commission), to develop and administer a program to provide grants to individuals, local governments, public agencies, state agencies, nonprofit organizations, and private businesses, to encourage the purchase or lease of a new zero-emission vehicle.~~

~~This bill would require the state board, in consultation with the energy commission, air pollution control and air quality management districts, and the Bureau of Automotive Repair, to submit a specified plan to the Legislature that identifies opportunities to utilize existing legal authorities to reduce fuel expenditures by middle-income households~~

~~by accelerating the adoption of more fuel-efficient vehicles, as specified. The bill would require the state board to convene an advisory board to provide guidance in developing the plan, as specified.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 44062.3 of the Health and Safety Code*
2 *is amended to read:*

3 44062.3. (a) The owner of a motor vehicle that has been
4 continuously registered in the state for at least two years prior to
5 vehicle retirement, and that has failed the most recent smog check
6 inspection for that vehicle, may retire the vehicle from operation
7 at a dismantler under contract with the Bureau of Automotive
8 Repair, at any time after learning of the smog check failure. The
9 department shall pay a person who retires his or her vehicle under
10 this section one thousand five hundred dollars (\$1,500) for a
11 low-income motor vehicle owner, as defined in Section 44062.1,
12 and one thousand dollars (\$1,000) for all other motor vehicle
13 owners. The department may pay a motor vehicle owner more than
14 these amounts based on factors, including, but not limited to, the
15 age of the vehicle, the emission benefit of the vehicle's retirement,
16 the emission impact of any replacement vehicle, and the location
17 of the vehicle in an area of the state with the poorest air quality *or*
18 *may provide other forms of financial assistance.*

19 (b) The department shall permit vehicle retirement pursuant to
20 subdivision (a) for any motor vehicle that has been continuously
21 registered in the state for at least two years prior to vehicle
22 retirement, and that fails any type of smog check inspection
23 lawfully performed in the state.

24 *SEC. 2. Section 44062.5 is added to the Health and Safety*
25 *Code, to read:*

26 44062.5. (a) *On or before July 1, 2014, the department shall*
27 *establish a one-year pilot program to provide financial assistance*
28 *to low-income motor vehicle owners, as defined in Section 44062.1,*
29 *for the voluntary retirement of a gross-polluting vehicle. A vehicle*
30 *retired pursuant to this section shall have been reasonably*
31 *demonstrated to the department to have been operated primarily*
32 *in the state for the last two years prior to acceptance into the pilot*

1 *program. The department shall not require proof of registration*
2 *for the last two years prior to acceptance into the program.*

3 *(b) The department shall report to the appropriate committees*
4 *of the Legislature, as part of the supplemental report required*
5 *pursuant to line item 1111-002-0582 of Chapter 268 of the Statutes*
6 *of 2008, the number of vehicles retired pursuant to subdivision*
7 *(a).*

8 *(c) This section shall become inoperative on July 1, 2015, and,*
9 *as of January 1, 2016, is repealed, unless a later enacted statute,*
10 *that becomes operative on or before January 1, 2016, deletes or*
11 *extends the dates on which it becomes inoperative and is repealed.*

12 *SEC. 3. Section 44070.5 of the Health and Safety Code is*
13 *amended to read:*

14 44070.5. (a) The department shall develop and continuously
15 conduct a public information program, in consultation with the
16 state board. The program shall be designed to develop and maintain
17 public support and cooperation for the motor vehicle inspection
18 and maintenance program and shall include information on all of
19 the following:

20 (1) The health damage caused by air pollution.

21 (2) The contribution of automobiles to air pollution and the
22 gross polluter problem.

23 (3) Whether a motorist's vehicle could be a gross polluter
24 without the motorist knowing.

25 (4) The importance of maintaining a vehicle's emission control
26 devices in good working order and the importance of the program.

27 (b) That information shall be disseminated by all means that
28 the department determines to be feasible and cost-effective,
29 including, but not limited to, television, newspaper, and radio
30 advertising and trailers in movie theaters. The department may
31 also utilize grass roots community networks, including local
32 opinion leaders, churches, the PTA, *automobile dealerships*, and
33 the workplace. Extensive marketing research shall be performed
34 to identify the target population.

35 *(c) The department shall engage in multilingual outreach to*
36 *underserved communities about the benefits of the program.*

37 ~~SECTION 1. The Legislature finds and declares all of the~~
38 ~~following:~~

39 ~~(a) Millions of residents are stuck in an energy trap without~~
40 ~~access to alternatives and are forced to spend more of their income~~

1 on gasoline, repairs and maintenance, and financing for their cars
2 than they spend on food, healthcare, and other critical expenses.

3 (b) ~~The average household spends \$8,300 on transportation~~
4 ~~every year, nearly \$2,000 more than is spent on food, and \$5,000~~
5 ~~more than is spent on health care.~~

6 (c) ~~In 2011, residents spent more than \$1 billion on gasoline~~
7 ~~every week, of which almost two-thirds left the state.~~

8 (d) ~~A resident who drives a 32-mile-per-gallon car instead of~~
9 ~~the average new vehicle will save over \$3,000 in fuel expenses~~
10 ~~over five years, the average duration of vehicle ownership, and a~~
11 ~~resident who drives a typical zero-emission vehicle will save over~~
12 ~~\$9,000 in fuel over the same number of years.~~

13 (e) ~~Higher up-front purchase costs are one of the primary barriers~~
14 ~~to the adoption of more fuel-efficient vehicles, including low- and~~
15 ~~zero-emission vehicles.~~

16 (f) ~~There is a direct correlation between increases in gasoline~~
17 ~~prices and increases in market prices for fuel-efficient vehicles,~~
18 ~~making it more difficult for potential car buyers to purchase more~~
19 ~~fuel-efficient vehicles when they are needed most.~~

20 (g) ~~More fuel-efficient vehicles, including low- and~~
21 ~~zero-emission vehicles, certified to more stringent emissions~~
22 ~~standards provide significant public health benefits by reducing~~
23 ~~emissions of smog-forming and toxic air pollution, and are a critical~~
24 ~~solution to persistent air quality problems, particularly in air basins~~
25 ~~that historically fail to meet multiple National Ambient Air Quality~~
26 ~~Standards.~~

27 (h) ~~Currently, the majority of new vehicle buyers and nearly 80~~
28 ~~percent of zero-emission vehicle buyers in the state earn over~~
29 ~~\$100,000 annually.~~

30 (i) ~~Eighty percent of potential tax filers are unable to take full~~
31 ~~advantage of federal tax credits that reduce the purchase cost of~~
32 ~~plug-in electric vehicles.~~

33 (j) ~~Current automotive lending practices generally fail to account~~
34 ~~for the decreased risk of default and enhanced credit-worthiness~~
35 ~~associated with buyers and lessors of more fuel-efficient cars,~~
36 ~~though some innovative creditors and nonprofit lenders have had~~
37 ~~success in the state and in other states issuing lower interest loans~~
38 ~~for fuel-efficient vehicles, including car buyers with subprime~~
39 ~~credit, who sometimes pay 30 percent interest on auto loans.~~

1 (k) ~~It is in the public interest of the state to help residents out~~
2 ~~of the energy trap and into more fuel-efficient cars, including low-~~
3 ~~and zero-emissions vehicles, to reduce fuel expenditures, improve~~
4 ~~access to jobs, increase disposable income, and deliver broader~~
5 ~~public health, environmental, and economic benefits to the state.~~

6 SEC. 2. ~~Section 44266 is added to the Health and Safety Code,~~
7 ~~to read:~~

8 44266. ~~(a) On or before November 1, 2014, the state board,~~
9 ~~in consultation with the State Energy Resources Conservation and~~
10 ~~Development Commission, districts, and the Bureau of Automotive~~
11 ~~Repair, shall submit a plan to the Legislature that identifies~~
12 ~~opportunities to utilize existing programs and funding sources to~~
13 ~~reduce fuel expenditures by middle-income households by~~
14 ~~accelerating the adoption of more fuel-efficient vehicles, including,~~
15 ~~but not limited to, low- and zero-emission vehicles.~~

16 (b) ~~(1) In developing the plan, pursuant to subdivision (a), the~~
17 ~~state board shall consider a wide range of opportunities, including,~~
18 ~~but not limited to, optimizing the use of existing funds, including~~
19 ~~the Air Pollution Control Fund, created pursuant to Section 43015;~~
20 ~~the Air Quality Improvement Fund, created by Section 44274.5;~~
21 ~~the Alternative and Renewable Fuel and Vehicle Technology Fund,~~
22 ~~created by Section 44273; the Vehicle Inspection and Repair Fund,~~
23 ~~created by Section 9886 of the Business and Professions Code;~~
24 ~~and the Greenhouse Gas Reduction Fund, created pursuant to~~
25 ~~Section 16428.8 of the Government Code.~~

26 (2) ~~Pursuant to paragraph (1), the state board shall consider all~~
27 ~~of the following, among other strategies, to cost-effectively~~
28 ~~optimize the use of existing special funds:~~

29 (A) ~~Whether automotive dealers and lenders can be offered~~
30 ~~enhanced incentives to sell or lease more fuel-efficient vehicles,~~
31 ~~including low- and zero-emission vehicles.~~

32 (B) ~~Whether consumer automotive loan terms can better reflect~~
33 ~~the correlation between vehicle fuel efficiency and loan~~
34 ~~performance, rewarding customers who choose more efficient~~
35 ~~vehicles with better terms that reflect reduced fuel expenditures.~~

36 (C) ~~Whether public funds can be efficiently used to leverage~~
37 ~~more private investment.~~

38 (D) ~~Whether the value of federal tax credits for plug-in electric~~
39 ~~vehicle purchases can be passed through to households lacking~~
40 ~~sufficient federal tax liability to claim the credits.~~

1 ~~(E) Whether the Consumer Assistance Program, established~~
2 ~~pursuant to Section 44062.1 and administered by the Bureau of~~
3 ~~Automotive Repair, is achieving the maximum benefits.~~

4 ~~(F) Whether enhanced point-of-sale rebates for middle-income~~
5 ~~households can increase the adoption of more fuel-efficient~~
6 ~~vehicles, including low- and zero-emission vehicles.~~

7 ~~(e) (1) The state board shall convene an advisory board to~~
8 ~~provide guidance in developing the plan pursuant to subdivision~~
9 ~~(a).~~

10 ~~(2) Membership of the advisory board created pursuant to~~
11 ~~paragraph (1) shall include, but is not limited to, experts in banking,~~
12 ~~consumer finance, automobile manufacturing, public health,~~
13 ~~environmental protection, transportation policy, consumer~~
14 ~~protection, and automobile retailing.~~

15 ~~(3) The advisory board shall be subject to the Bagley-Keene~~
16 ~~Open Meeting Act (Article 9 (commencing with Section 11120)~~
17 ~~of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government~~
18 ~~Code).~~